

Cabinet	
Meeting Date	4 February 2015
Report Title	Medium Term Financial Plan and 2015/16 Revenue and Capital Budgets
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance
SMT Lead	Abdool Kara, Chief Executive
Head of Service	Nick Vickers, Head of Finance
Lead Officer	Phil Wilson, Chief Accountant
Recommendations	<ol style="list-style-type: none"> 1. To approve the 2015/16 Revenue and Capital Budgets. 2. To approve the proposed council tax at band D for 2015/16 of £159.93 (zero increase). 3. To note the Medium Term Financial Plan funding position. 4. To approve the Capital Strategy. 5. To note the additional amount of Council Tax for Parish Precepts. 6. To approve the Minimum Revenue Provision (MRP) Statement as set out in Appendix IX. 7. To delegate authority to the Head of Finance in consultation with the Leader and the Cabinet Members for Finance and Regeneration to approve an in year change to the budget and policy framework to allow for funding to be provided for the investment up to a maximum borrowing of £6m. 8. To consider recommendations of the Scrutiny Committee.

1. Purpose of Report and Executive Summary

- 1.1 This report sets out the Council's Medium Term Financial Plan and the Revenue and Capital Budget proposals for 2015/16.
- 1.2 The Cabinet received a budget report on 3 December and this report will move on from this to incorporate the Provisional Local Authority Grant Settlement announced on 18 December.
- 1.3 The 3 December Cabinet report provided the basis for Scrutiny Committee's examination of the budget proposals on 28 January and Scrutiny Committee were given an update on key issues from the Settlement.
- 1.4 This report if agreed by Cabinet will then go forward to Council on 18 February.

2. Background

Provisional Local Government Finance Settlement 2014/15 and 2015/16

- 2.1 On 18 December the Provisional Local Government Finance Settlement 2015/16 was announced. The December 2014 Settlement was for two years, 2014/15 and 2015/16, so we would not have expected any major changes in this settlement announcement.
- 2.2 At a national level the Local Government Minister stated that total spending power of local authorities would reduce by 1.8%.
- 2.3 The main headline announcements in the Settlement were:
 - Local authorities freezing or lowering Council Tax level in 2015/16 will receive a Council Tax Freeze Grant equivalent to a 1% increase in Council Tax. Local authorities increasing Council Tax by 2% or above will be required to hold a local referendum. This applies to local authorities, fire authorities and police authorities.
 - Council Tax Freeze Grant for 2014/15 is now included within the Settlement Funding Assessment for 2015/16.
 - The loss in funding as a result of the 2% cap on the 2015/16 Business Rates Multiplier (announced at Autumn Statement 2014) will be refunded to local authorities through a S31 grant payment (in the same way as the 2014/15 2% cap).
- 2.4 For Swale the reductions in funding are in line with our assumptions – our Settlement Funding Assessment is down 15.7% from 2014/15 for 2015/16, exactly in line with our forecasts.
- 2.5 The Settlement stated that local authorities will face an overall reduction in spending power of 1.8%. Spending Power is a measure of all the resources available to local authorities and includes council tax, RSG, business rates, new homes bonus and other government grants. According to Government figures the spending power for Swale has decreased by £749,000 (4.1%) from 2014/15 to 2015/16, although this will include assumptions about business rate income that will vary from that predicted by the authority.

Variations from the December Budget Report to Cabinet

2.6 The main variations to the 3 December budget report to Cabinet are:

Budget Change	Amount £'000	Explanation of Change
Take out preceptors council tax support	+125	This sum is to support the Revenues Section to address the changes as a result of the new method of allocating business rates from 2013/14. This removes this sum from the Council's base budget and allocates it to a reserve to support this Section.
Increase in SERCO utility costs	+42	Previously uncharged utility costs from SERCO relating to government imposed levy on businesses' utility bills to fund supply infrastructure maintenance http://auditel.co.uk/duos-tuos/ . This applies to all businesses, and SBC pays this as part of our utility costs but SERCO have not been passing on.
Increase in MKIP costs	+11	Inflationary increase of 1% for Mid Kent Improvement Project (MKIP) services.
Increase in Council Tax base	-100	As previously we had allowed for a 1% increase in the Council tax base arising from net new properties - the actual figure is 2.5%.
Increase in New Homes Bonus	-87	Higher than forecast due to additional build.
Reduction in RSG	+1	Reduction in forecast for RSG
Increase in collection fund surplus	-146	Swale share of forecast surplus on collection fund for council tax
Subtotal movements	-154	
Add requirement for balanced position per 3 December Cabinet report	96	
2015/16 surplus	-58	

Business Rates

2.7 At this stage we are not moving the estimate of business rate income from the 3 December report. The NNDR1 forecast for 2015/16 income is not available at the time this report has been written. The key variables are:

- Gross sum payable
- Provision for bad debt
- Losses in Collection
- Provision for Appeals
- Full provision for backdated appeal costs

- Transitional protections
 - Allowance for cost of collection
- 2.8 In year monitoring does indicate significant growth in the business rates income. Council has previously agreed that any additional income over the level budgeted for will go into the Business Rates Volatility Reserve. The operation of the business rates system where actual income retained is not known until June for the 2014/15 financial year does argue for prudence in the budget forecasts made.
- 2.9 The Department for Communities and Local Government (DCLG) has confirmed that the proposal for a business rate pooling arrangement between Kent County Council and 10 of the 12 borough and district councils has been agreed. Maidstone Borough Council will be the coordinator of the scheme which will apply in 2015/16.

Council Tax

- 2.10 For the fifth year running Cabinet will be recommending to Council that there is no increase in the level of the Council Tax.

Housing Benefit Administration Subsidy and Council Tax Subsidy

- 2.11 The Council receives a specific grant from Government to administer Housing Benefit and Council Tax subsidy. This grant has been reducing for a number of years linked in part to the planned introduction of Universal Credit. The service actually makes a net contribution to the Council's base budget position.
- 2.12 In 2014/15 funding is £921,178 but this reduces by 8.6% for 2015/16 to £841,859.
- 2.13 We have been notified that:
- For 2015/16, following the introduction of Local Council Tax Support (LCTS) in April 2013, the funding baseline for Housing Benefit (HB) and Council Tax Benefit Administration Grant will continue to be split between Department for Works and Pensions (DWP) (for HB) and Department for Communities and Local Government (DCLG) (for Localised Council Tax Support-LCTS).
 - In discussions with the Treasury, it had been agreed that the split would be for 80% of the grant to reside within the DWP and 20% within CLG, and this has continued into 2015/16.
 - The total HB allocation for England in 2015/16 is £270.7m, which is 9.4% lower than the allocation of £298.7m in 2014/15. The 2015/16 allocation is before adjustments are made for deductions for the Single Fraud Investigation Service (SFIS). After deductions are made for the SFIS, the net total funding distributed is £261.4m, which represents a decline of 12.5% compared to funding in 2014/15.
 - The total funding available for DCLG to distribute for LCTS in 2015/16 has been set at £67.7m, which is 8.4% less than the £73.9m made available in 2014/15.
- 2.14 In addition, the grants for council tax support New Burdens funding for 2014/15 are £100,000, but these have reduced to £35,000 for 2015/16.

2.15 The existing Revenues and Benefits reserves will be utilised as needed to assist in managing the overall reduction in funding.

3. Proposal

Medium Term Financial Plan

3.1 The Medium Term Financial Plan (MTFP) is a forecast of the financial position over the next three years to aid the Council in meeting its objectives as set out in the Corporate Plan. The MTFP is underpinned by the following principles:

- achieving a balanced budget position with the base budget requirement being met from core income;
- reserves being used to fund one-off cost pressures;
- accepting Council Tax freeze grant in 2015/16; and
- a prudent forecast for business rates.

3.2 The updated Medium Term Financial Plan is attached in Appendix I.

Balanced Budget Proposals

3.3 Growth Items, Unavoidable Cost Pressures, Service Savings, Loss of Income and Additional Income are attached in Appendix II.

Council Tax

3.4 The Council will be recommended to adopt no change in the level of Council Tax for 2015/16.

3.5 The Collection Fund and Council Tax base is set out in Appendix III.

3.6 The Council Tax base was agreed by Council on 21 January.

3.7 The calculation of the Budget Requirement and Council Tax Requirement is shown in Appendix IV.

3.8 Parish precepts are shown in Appendix V.

Reserves

3.9 The principle of the management of reserves moving forward should be:

- maintain a prudent level of reserves to allow the Council to deal with unexpected one-off events; and
- fund one-off items of expenditure against the Council's highest priorities, as determined by Members.

3.10 When the authority is considering its budget requirement it is the Chief Finance Officers' duty to report on the adequacy of reserves (under section 25 of the Local Government Act 2003). These have been reviewed in line with latest guidance from the Chartered Institute of Public Finance and Accountancy.

- 3.11 Currently, the Council has sought to maintain a minimum of £1.5m as its General Fund balance, and it is concluded that through this period of uncertainty that this level should be continued. The balance for 31 March 2016 is forecast to be £3.4m. In addition, the Council holds a number of earmarked reserves held for specific purposes. The remaining (unallocated) General Reserve is available in future years to support one-off revenue items rather than funding on-going revenue budget requirements and to fund capital expenditure agreed on a case by case basis. Appendix VI details the authority's reserves. It is the Head of Finance's view that the balances and reserves held by the Council are at a reasonable level.
- 3.12 The Section 151 Officer (Head of Finance), in accordance with Local Government Act 2003, hereby has confirmed his opinion that the 2015/16 budget submitted is robust and the reserves are reasonable given an assessment of risks.

Capital Strategy

- 3.13 The Council's priorities for the use of available capital funds will be:
- projects which support the Council's regeneration agenda;
 - earmarked receipts related to specific projects e.g. Section 106 monies;
 - minimum fulfilment of legal duties e.g. Disabled Facilities Grant (DFG);
 - essential life and death maintenance work e.g. Health & Safety; and
 - essential remedial expenditure on the Council's IT systems.
- 3.14 The Council is currently debt free but at its meeting on 16 July, it agreed to allow borrowing for the build of the new Sittingbourne town centre multi storey car park. Any other proposal to borrow will be subject to report to Cabinet and Council.
- 3.15 It is anticipated that subject to due diligence Cabinet will be asked on 11 March to consider a significant investment related to the regeneration of Sittingbourne Town Centre in addition to the Spirit of Sittingbourne project. For completeness as part of the budget process Council is asked to agree that authority is delegated to the Head of Finance in consultation with the Leader and the Cabinet Members for Finance and Regeneration to approve an in year change to the budget and policy framework to allow for funding to be provided for the investment up to a maximum borrowing of £6m.
- 3.16 The Capital Programme is attached in Appendix VII.

2015/16 Minimum Revenue Provision Statement

- 3.17 The concept of Minimum Revenue Provision (MRP) was introduced in 1989 to prescribe the minimum amount which must be charged to the revenue account each year to meet credit liabilities (borrowing and leasing costs). MRP is charged to the General Fund and therefore does affect the level of the Council Tax. An annual statement is required setting out the method of calculation of MRP.
- 3.18 The Annual MRP Statement is subject to Council approval and the recommended statement is set out in Appendix IX

4. Alternative Proposals

4.1 This paper details the budget proposals of the Cabinet, who invite alternative proposals to be put forward.

5. Consultation Undertaken or Proposed

5.1 The budget proposals reported to Cabinet on 3 December plus updates for developments since then were reported to Scrutiny Committee on 28 January. Consultation has also been made with representatives of local businesses.

6. Implications

6.1 The implications are set out in the table below:

Issue	Implications
Corporate Plan	The budget proposals for 2015/16 support the Corporate Plan objectives.
Financial, Resource and Property	This report sets out the approach to the 2015/16 budget and the medium term financial plan.
Legal and Statutory	The approach set out reflects the legal requirement for the Council to agree a balanced budget.
Crime and Disorder	Any potential impact will be addressed by service managers in their budget proposals.
Sustainability	The sustainability implications of budget decisions will be fully investigated by service managers in drawing up their detailed proposals.
Health and Wellbeing	Any potential impact will be addressed by service managers in their budget proposals.
Risk Management and Health and Safety	A risk register for the budget is attached in Appendix VIII. Risks will be reviewed as part of the strategic risk update. Specific Health & safety risks will be addressed by service managers in their budget proposals.
Equality and Diversity	Where necessary there will need to be full consultation with service users on savings proposals, and these will need specifically to address equality and diversity issues with appropriate Equality Impact Assessments undertaken.

7. Appendices

7.1 The following documents are published with this report:

- Appendix I: Medium Term Financial Plan
- Appendix II: Balanced Budget Proposals
- Appendix III Collection Fund and Council Tax Base
- Appendix IV Calculation of Budget and Council Tax Requirement

- Appendix V Parish Precepts
- Appendix VI Reserves
- Appendix VII Capital Programme and Funding
- Appendix VIII Risk Issues
- Appendix IX Minimum Revenue Provision Statement 2015/16

8. Background Papers

- 3 December 2014 Cabinet Budget Report
- 19 February 2014 Council Budget Report

MEDIUM TERM FINANCIAL PLAN

	2014-15 £'000	2015-16 £'000	2016-17 £'000	2017-18 £'000
Base Budget	17,583	17,583	17,583	17,583
Growth Items	0	243	193	193
Unavoidable cost pressures	0	35	114	142
Loss of income	0	190	190	190
Additional income	0	(157)	(136)	(137)
Committed price increases	0	239	382	528
<u>Salary Related:</u>				
Increments	0	89	139	168
Pay Award	0	118	237	358
Contribution to/(from) reserves	595	317	317	317
Revenue Support Grant	(4,296)	(2,929)	(1,976)	(1,280)
Business Rates	(4,604)	(5,053)	(5,123)	(5,204)
Council Tax	(6,690)	(6,856)	(6,925)	(6,994)
Council Tax Freeze 2014/15	(79)	(79)	(79)	(79)
Council Tax Freeze 2015/16		(80)	(80)	(80)
New Homes Bonus	(2,269)	(2,811)	(3,299)	(2,989)
Collection Fund Surplus/Deficit	(178)	(176)	0	0
Savings Required	62	673	1,537	2,716
Preceptors Council Tax Support	(125)	0	0	0
Service savings	0	(731)	(751)	(815)
Requirement for balanced position	0	0	(786)	(1,901)
Committed savings	(125)	(731)	(1,537)	(2,716)
Contribution (to) from Funds	(63)	(58)	0	0

BALANCED BUDGET PROPOSALS

Growth Items:

No.	Description	Cabinet Member / Head of Service	2015/16 over 2014/15 £
	Commissioning & Customer Contact		
1	Procurement - greater use of electronic procurement systems to advertise contract opportunities.	Cllr D. Dewar-Whalley / D. Thomas	10,000
2	Swale Community Leisure Ltd for Executive officer post.	Cllr D. Simmons / D. Thomas	50,000
3	Additional waste contract monitoring activity.	Cllr D. Simmons / D. Thomas	50,000
	Director of Regeneration		
4	Increase Director post by two days.	Cllr M. Cosgrove / P. Raine	53,540
	Economic & Community Services		
5	Heritage activities.	Cllr M. Whiting / E. Wiggins	10,000
6	New structure in the Communications Team.	Cllr A. Bowles / E. Wiggins	16,290
7	Increased grants for the First World War commemoration.	Cllr M. Whiting / E. Wiggins	5,000
	Environmental Health		
	Shellfish Sampling - increase to fee.	Cllr D. Simmons / M. Radford	9,620
8	Service Delivery		
9	Christmas car parking concessions.	Cllr D. Simmons / B. Planner	25,000
10	Resilience Officer - increase in hours.	Cllr D. Simmons / B. Planner	13,700
	Total Growth Items		243,150

BALANCED BUDGET PROPOSALS

Unavoidable Cost Pressures:

No.	Description	Cabinet Member / Head of Service	2015/16 over 2014/15 £
	Democratic Services		
1	Members Allowances – 1% increase.	Cllr A. Bowles / M. Radford	3,600
	Finance		
2	Insurance increase from annual renewal. The projection assumes a 3% increase pa.	Cllr D. Dewar- Whalley / N. Vickers	10,000
3	Increase in precept from Lower Medway Internal Drainage Board 2%	Cllr D. Dewar- Whalley / N. Vickers	3,200
	Property Services		
4	Maintenance cost of new equipment in Print Room.	Cllr D. Dewar- Whalley / A. Adams	2,210
5	Maintenance cost of new equipment in Council Chamber.	Cllr D. Dewar- Whalley / A. Adams	850
	Service Delivery		
6	Increase in electricity charges for SBC owned street lighting.	Cllr D. Simmons / B. Planner	880
7	Council Tax - Single person discount review.	Cllr D. Dewar- Whalley / B. Planner	4,000
8	Council Tax - court costs of recovery action.	Cllr D. Dewar- Whalley / B. Planner	10,000
	Total Unavoidable Cost Pressures		34,740

BALANCED BUDGET PROPOSALS

Loss of Income:

No.	Description	Cabinet Member / Head of Service	2015/16 over 2014/15 £
	Commissioning & Customer Contact		
1	Kent County Council recycling credits replaced by enabling payments as part of the new joint waste contract.	Cllr D. Simmons / D. Thomas	83,000
	Economic & Cultural Services		
2	CCTV - loss of income.	Cllr K. Pugh / E. Wiggins	12,150
	Property Services		
3	Transfer of Princes Street Depot – Sittingbourne Town Centre Regeneration.	Cllr D. Dewar-Whalley / A. Adams	70,000
	Service Delivery		
4	Parking Enforcement – reduced income	Cllr D. Simmons / B. Planner	25,000
	Total Loss of Income		190,150

BALANCED BUDGET PROPOSALS

Service Savings:

No.	Description	Cabinet Member / Head of Service	2015/16 over 2014/15 £
	Commissioning & Customer Contact		
1	Reduce the number of play area inspections by Zurich from two to one per year.	Cllr D. Simmons / D. Thomas	(5,000)
2	Reduce budget commitment for contract variations for the leisure contract.	Cllr D. Simmons / D. Thomas	(1,200)
3	Graffiti cleaning – now included in the main waste contract.	Cllr D. Simmons / D. Thomas	(6,000)
4	Bring site repairs - cease to exist.	Cllr D. Simmons / D. Thomas	(1,000)
5	Bring site maintenance - cease to exist.	Cllr D. Simmons / D. Thomas	(2,840)
6	Recycling credit payments	Cllr D. Simmons / D. Thomas	(58,700)
7	Additional waste contract savings.	Cllr D. Simmons / D. Thomas	(250,000)
8	Channel shift – greater use of digital as opposed to face-to-face contact.	Cllr A. Bowles / D. Thomas	(19,000)
9	Automated switchboard facility, fewer calls handled by Customer Services Centre staff - channel shift.	Cllr A. Bowles / D. Thomas	(9,000)
10	Swale Community Leisure Ltd reduction in utility levy.	Cllr D. Simmons / D. Thomas	(40,000)
	Economic & Community Services		
11	Kemsley Hall - asset transfer efficiencies.	Cllr M. Whiting / E. Wiggins	(10,000)
	Finance		
12	Minimum Revenue Provision Reduction – accountancy charge for capital expenditure.	Cllr D. Dewar-Whalley / N. Vickers	(56,600)
	Housing		
13	Reduction in use of emergency accommodation in Medway through the provision of a Council owned House in Multiple Occupation (HMO).	Cllr J. Wright/ A. Christou	(6,000)
14	Council tax payment for housing in Teynham owned by the Council.	Cllr J. Wright/ A. Christou	(1,500)

BALANCED BUDGET PROPOSALS

No.	Description	Cabinet Member / Head of Service	2015/16 over 2014/15 £
	Housing		
15	Cost of maintenance for the Council owned Teynham house by using in house handyperson.	Cllr J. Wright/ A. Christou	(1,000)
16	Private Sector Housing Manager - reduced hours.	Cllr J. Wright/ A. Christou	(20,000)
17	Enhancements to the Housing ICT system following new allocations policy enabling management of homeless register and greater use of digital services.	Cllr J. Wright/ A. Christou	(23,600)
	Planning		
18	Non-salary shared service efficiency savings e.g. printing, advertising etc.	Cllr G. Lewin/ J. Freeman	(10,000)
	Policy		
19	Revised Team Structure.	Cllr A. Bowles / A. Kara	(5,860)
	Property Services		
20	Reduction in the cost of trade waste at Swale House.	Cllr D. Dewar-Whalley / A. Adams	(1,250)
21	End of leases at New Road Industrial Estate.	Cllr D. Dewar-Whalley / A. Adams	(33,110)
22	Reduction in running costs at Sheerness District office following move to Gateway and re-letting of building on FRI terms.	Cllr D. Dewar-Whalley / A. Adams	(6,950)
23	Reduction in staffing costs of community halls due to community asset transfer.	Cllr D. Dewar-Whalley / A. Adams	(11,100)
24	Reduction in utility costs at Swale House.	Cllr D. Dewar-Whalley / A. Adams	(8,640)
	Service Delivery		
25	Retirement of Head of Service.	Cllr D. Dewar-Whalley / B. Planner	(94,470)

BALANCED BUDGET PROPOSALS

No.	Description	Cabinet Member / Head of Service	2015/16 over 2014/15 £
	Mid Kent Improvement Partnership (MKIP) Services		
26	ICT predicted savings as agreed by Cabinet in April 2012 and based on savings against 2011/12 base budgets.	Cllr D. Dewar-Whalley / M. Radford	(15,000)
27	Savings on move to MKIP GIS service.	Cllr D. Dewar-Whalley / M. Radford	(5,000)
28	Corporate training budget to be reduced by 10%, this reflects the reduced staffing levels but also the increased efficiencies of purchasing for the three MKIP councils.	Cllr T. Wilcox/ D. Smart	(9,000)
29	Extension of HR shared service to Tunbridge Wells Borough Council.	Cllr T. Wilcox/ D. Smart	(19,690)
	Total Service Savings		(731,510)

BALANCED BUDGET PROPOSALS

Additional Income:

No.	Description	Cabinet Member / Head of Service	2015/16 over 2014/15 £
	Commissioning & Customer Contact		
1	Introduction of extra beach huts to sell and lease on to the public.	Cllr D. Simmons / D. Thomas	(20,000)
2	Ground rent for extra beach huts.	Cllr D. Simmons / D. Thomas	(2,500)
3	Sell space for memorial plaques at the new Iwade cemetery.	Cllr D. Simmons / D. Thomas	(3,000)
4	Swale Indoor bowls - increasing existing fees & charges.	Cllr D. Simmons / D. Thomas	(2,500)
5	Increased income from seafront concessions.	Cllr D. Simmons / D. Thomas	(4,600)
6	Increased subscriptions to garden waste service.	Cllr D. Simmons / D. Thomas	(12,430)
	Finance		
7	Investment income.	Cllr D. Dewar-Whalley / N. Vickers	(10,000)
	Planning		
8	Anticipated increase in planning fees.	Cllr G. Lewin/ J. Freeman	(34,000)
9	Anticipated increase in pre-application advice fees.	Cllr G. Lewin/ J. Freeman	(20,000)
	Property Services		
10	Increase in rental income from miscellaneous properties.	Cllr D. Dewar-Whalley / A. Adams	(47,500)
	Total Additional Income		(156,530)

COLLECTION FUND AND COUNCIL TAX BASE

Tax Base

The tax base for 2015/16 is as 42,869.49.

Collection Fund

As the Billing Authority, Swale Borough Council had to make an estimate of the surplus or deficit on the Council Tax Collection Fund on 15 January 2015, notifying Kent County Council, The Police and Crime Commissioner for Kent and the Kent & Medway Towns Fire & Rescue Authority of their proportions within seven days. The declared surplus of £2,742,000 is shared as follows:

	£'000
Kent County Council	1,160
The Police and Crime Commissioner for Kent	141
Kent & Medway Towns Fire & Rescue Authority	81
Swale Borough Council	702
Central Government	658
Total	2,742

These amounts are not added to precepts or budgets, but must be taken into account by each Authority when setting their Basic Council Tax. The net surplus for Swale Borough Council is therefore £702,000 including £526,000 for business rates and £176,000 for council tax. Only the council tax surplus is shown in the Budget Projections for the calculation of the 2015/16 Council Tax as the business rates surplus will be taken to the business rates volatility reserve.

Other Preceptors

Kent County Council, the Kent & Medway Fire Authority and the Kent Police and Crime Commissioner will set their own precepting for all valuation bands. These tax levels will form part of the overall Council Tax to be set by full Council on 18 February 2015.

Parish Council Precepts

Parish Council precept demands have been submitted during January 2015 as and when the Parish Councils met to set their precepts. These will be expressed as an additional precept.

CALCULATION OF BUDGET AND COUNCIL TAX REQUIREMENT

	2015/16 £'000
2015/16 Swale Operating Expenditure Budget Before Savings and Growth Items	17,583
Growth Items	243
Unavoidable cost pressures	35
Loss of income	190
Additional Income	(157)
Committed price increases	239
Pay Increments	89
Pay award	118
Contribution to/ from reserves	317
Service savings	(731)
<hr/> Sub total	<hr/> 17,926
Budget Surplus, i.e. increase in Funds	58
Council Tax Freeze Grant	(159)
New Homes Bonus	(2,811)
<hr/> Swale Budget Requirement (to be agreed)	<hr/> 15,014
Less Revenue Support Grant	(2,929)
Less Business Rates	(5,053)
Less Collection Fund Surplus	(176)
<hr/> Council Tax Requirement (to be agreed)	<hr/> 6,856
 Council Tax Income (assuming £159.93 for Band D)	 (6,856)

PARISH PRECEPTS

Parish/Town Council	Additional Council Tax for Band D 2014/15 £	Tax Base 2015/16	Parish Precept (rounded) 2015/16 £	Additional Council Tax for Band D 2015/16 £	Parish Precept 2015/16 % Change
Bapchild	22.29	451.05	To be advised		
Bobbing	19.61	700.12	13,875	19.82	1.07 %
Borden	44.97	1,021.03	46,468	45.51	1.20 %
Boughton-under-Blean	58.88	664.98	45,224	68.01	15.51 %
Bredgar	32.06	285.17	9,500	33.31	3.90 %
Doddington	35.72	210.01	7,600	36.19	1.32 %
Dunkirk	25.01	473.92	11,792	24.88	-0.52 %
Eastchurch	41.40	665.47	30,000	45.08	8.89 %
Eastling	20.28	140.70	3,000	21.32	5.13 %
Faversham Town Council	41.07	5,987.03	258,345	43.15	5.06 %
Goodnestone & Graveney	30.51	177.22	6,236	35.19	15.34 %
Hartlip	18.33	360.56	7,000	19.41	5.89 %
Hernhill	28.62	279.36	8,000	28.64	0.07 %
Iwade	31.67	1,187.20	40,000	33.69	6.38 %
Leysdown	23.67	1,141.19	25,180	22.06	-6.80 %
Lower Halstow	47.63	446.11	25,250	56.60	18.83 %
Luddenham	0	44.77	0	0	0 %
Lynsted	39.01	445.97	17,049	38.23	-2.00 %
Milstead	34.84	88.17	3,900	44.23	26.95 %
Minster	22.77	4,906.21	111,714	22.77	0 %
Newington	45.78	856.90	42,000	49.01	7.06 %
Newnham	18.63	149.58	3,250	21.73	16.64 %
Norton & Buckland	31.85	180.99	5,660	31.27	-1.82 %
Oare	51.77	162.90	8,568	52.60	1.60 %
Ospringe	20.31	273.71	6,500	23.75	16.94 %
Queenborough Town Council	62.63	746.90	44,000	58.91	-5.94 %
Rodmersham	31.91	235.86	7,500	31.80	-0.34 %
Selling	22.12	326.56	8,825	27.02	22.15 %
Sheldwich, Leaveland & Badlesmere	24.95	344.31	To be advised		
Stalisfield	28.27	90.83	To be advised		
Teynham	55.40	838.07	44,480	53.07	-4.21 %
Throwley	22.93	139.63	To be advised		
Tonge	16.24	110.94	1,800	16.22	-0.12 %
Tunstall	22.03	391.94	8,800	22.45	1.91 %
Upchurch	26.16	889.71	25,423	28.57	9.21 %
Warden	36.83	464.54	16,000	34.44	-6.49 %
TOTAL					

RESERVES

Description	Balance as at 31/03/14 (after approved rollovers) £'000	Forecast Contributions to / from Reserves 2014/15 £'000	Balance as at 31/03/15 £'000	Forecast Contributions to / from Reserves 2015/16 £'000	Balance as at 31/03/16 £'000
General Reserve	(3,291)		(3,291)		(3,291)
Performance Fund	(906)		(906)		(906)
Transformation Fund	(252)		(252)		(252)
Regeneration Fund	(355)	(250)	(605)	(250)	(855)
Swale Local Loan Fund	(250)		(250)		(250)
Building Maintenance Fund	(519)		(519)		(519)
Housing Reserves	(238)		(238)		(238)
Repairs and Renewals Funds	(225)	(78)	(303)	(78)	(381)
Local Development Framework Fund	(171)		(171)		(171)
Stay Put Grants Reserve	(146)		(146)		(146)
Empty Property Initiative	(150)		(150)		(150)
Revenues Main Reserve	(428)		(428)	(125)	(553)
Business Rates Resilience Reserve	(450)	(278)	(728)	(526)	(1,254)
Other Reserves	(633)	11	(622)	11	(611)
Total Earmarked Reserves	(8,014)	(595)	(8,609)	(968)	(9,577)
Usable Capital Receipts Reserve	(1,331)	444	(887)	30	(857)
Capital Grants Unapplied Account	(243)		(243)		(243)
General Fund	(3,263)	(63)	(3,326)	(58)	(3,384)
Total Usable Reserves	(12,851)	(214)	(13,065)	(996)	(14,061)

Note: This shows the Base position, but in-year expenditure will be reflected in closedown and in the Council's financial accounts.

CAPITAL PROGRAMME AND FUNDING

	Funding SBC / P	2014/15 Original Budget £	2014/15 Revised Budget £	2015/16 Original Budget £	2016/17 Original Budget £	Budget Later Years £
<u>ECONOMY & COMMUNITIES - E.WIGGINS</u>						
CCTV - Repairs & Renewals Reserve	SBC	15,000	15,000	15,000	15,000	15,000
Queenborough Harbour Trust Loan - Swale Loan Fund	SBC	0	50,000	0	0	0
Sittingbourne War Memorial - Capital Receipts	SBC	0	8,100	0	0	0
Capital Expansion of CCTV Service - S106	P	0	38,800	0	0	0
Meads Community Centre - S106	P	0	348,000	0	0	0
Kemsley Community Facilities - S106	P	0	4,870	0	0	0
TOTAL ECONOMY & COMMUNITIES		15,000	464,770	15,000	15,000	15,000
<u>CORPORATE SERVICES - M.RADFORD</u>						
I.T Equipment Scanners - External Grant	P	0	6,200	0	0	0
TOTAL CORPORATE SERVICES		0	6,200	0	0	0
<u>COMMISSIONING & CUSTOMER CONTACT - D.THOMAS</u>						
Cemeteries - future burial provision in the borough - Capital Receipts	SBC	0	32,590	0	0	0
Wheelie Bins - Repairs & Renewals Reserve	SBC	35,000	35,000	0	0	0
Beach Huts, Minster Leas - Performance Fund	SBC	0	7,170	0	0	0
Cemetery Chapel, Love Lane Faversham- Capital Receipts	SBC	0	25,300	0	0	0
Milton Creek Footpath - Capital Receipts	SBC	0	30,000	0	0	0
High Risk Tree Works in 3 Cemeteries - Capital Receipts	SBC	0	45,000	30,000	0	0
Medium Risk Tree Works in 3 Cemeteries- Capital Receipts	SBC	0	10,000	0	0	0
Customer Service Centre telephony system - Capital Receipts	SBC	0	40,000	0	0	0
The Glen Play Area - Revenue Funding	SBC	0	5,050	0	0	0
The Glen Play Area - S106	P	0	30,950	0	0	0
Thistle Hill Community Woodland - Trim Trail - S106	P	0	35,000	0	0	0
New Play Area - Iwade Schemes - S106	P	0	92,200	0	0	0
Kemsley West Play Area- S106	P	0	56,000	0	0	0
Kemsley East Play Area- S106	P	0	50,000	0	0	0
Oare Village Hall - S106	P	0	0	9,000	0	0
Oare Gunpowder Works - S106	P	0	0	9,000	0	0
TOTAL COMMISSIONING & CUSTOMER CONTACT		35,000	494,260	48,000	0	0

CAPITAL PROGRAMME AND FUNDING

	Funding SBC / P	2014/15 Original Budget £	2014/15 Revised Budget £	2015/16 Original Budget £	2016/17 Original Budget £	Budget Later Years £
SERVICE DELIVERY - B. PLANNER						
Ground Floor Reception Area - Revenue Funding	SBC	0	25,000	0	0	0
Ground Floor Reception Area - Capital Receipts	SBC	0	20,000	0	0	0
TOTAL SERVICE DELIVERY		0	45,000	0	0	0
HOUSING - A. CHRISTOU						
Disabled Facilities Grants - Reserves	SBC	100,000	252,150	0	0	0
Emergency Accomodation - House Purchase - Earmarked Reserves	SBC	0	165,000	0	0	0
Disabled Facilities Grants - External Grant	P	926,740	926,740	1,040,000	0	0
TOTAL HOUSING		1,026,740	1,343,890	1,040,000	0	0
FINANCE - N. VICKERS						
Cash Receipting System - Replacement - Capital Receipts	SBC	30,000	56,570	0	0	0
TOTAL FINANCE AND PERFORMANCE PORTFOLIO		30,000	56,570	0	0	0
PROPERTY - A. ADAMS						
Swale House Window Rep & Blding Refurbishment - Capital Receipts	SBC	0	26,470	0	0	0
Central Plaza Sittingbourne - Capital Receipts	SBC	0	25,740	0	0	0
Committee Room new Equipment - Capital Receipts	SBC	0	17,850	0	0	0
Committee Room new Equipment - Capital Receipts	SBC	0	920	0	0	0
Council Chamber Digital System - Reserves	SBC	0	52,000	0	0	0
Folder Inserter Machine - Capital Receipts	SBC	0	15,970	0	0	0
Folder Inserter Machine - Revenue Grant	P	0	4,550	0	0	0
TOTAL PROPERTY		0	143,500	0	0	0
TOTAL CAPITAL PROGRAMME	SBC	180,000	960,880	45,000	15,000	15,000
TOTAL CAPITAL PROGRAMME	P	926,740	1,593,310	1,058,000	0	0
TOTAL CAPITAL PROGRAMME		1,106,740	2,554,190	1,103,000	15,000	15,000

CAPITAL PROGRAMME AND FUNDING

	Original Estimate 14/15 £	Revised Estimate 14/15 £	Original Estimate 15/16 £	Original Estimate 16/17 £	Budget Later Years £
TOTAL CAPITAL EXPENDITURE	1,106,740	2,554,190	1,103,000	15,000	15,000
FUNDING ANALYSIS					
PARTNERSHIP FUNDING	926,740	1,593,310	1,058,000	0	0
REVENUE CONTRIBUTIONS:-					
(a) Repairs & Renewals Reserves					
- Recycling Bins (Wheeled Bins)	35,000	35,000	0	0	0
- CCTV	15,000	15,000	15,000	15,000	15,000
	50,000	50,000	15,000	15,000	15,000
(b) Disabled Facilities Grant Reserve	100,000	100,000	0	0	0
(c) Housing Benefits Reserve					
- Ground Floor Reception Area	0	25,000	0	0	0
(d) General Reserve					
- Disabled Facilities Grants	0	62,610	0	0	0
(e) Council Chamber Improvements Reserve					
- Council Chamber Digital System	0	52,000	0	0	0
(f) Performance Fund					
- Beach Huts, Minster Leas, Sheppey	0	7,170	0	0	0
(g) Housing Reserves					
- Emergency Accommodation	0	165,000	0	0	0
(h) Swale Local Loan Reserve					
- Swale Local Loan Reserve	0	50,000	0	0	0
(i) Open Spaces Revenue underspend					
- The Glen Play Area	0	5,050	0	0	0
TOTAL REVENUE CONTRIBUTIONS	150,000	516,830	15,000	15,000	15,000

CAPITAL PROGRAMME AND FUNDING

	Original Estimate 14/15 £	Revised Estimate 14/15 £	Original Estimate 15/16 £	Original Estimate 16/17 £	Budget Later Years £
	£	£	£	£	£
CAPITAL RECEIPTS:-					
- Disabled Facilities Grants	0	89,540	0	0	0
- New Cash Module	30,000	56,570	0	0	0
- High Risk Tree Works Cemeteries	0	45,000	30,000	0	0
- Medium Risk Tree Works Cemeteries	0	10,000	0	0	0
- Sittingbourne War Memorial	0	8,100	0	0	0
- Cemeteries - future burial provision	0	32,590	0	0	0
- Swale House Window Replacement & Building Refurbishment	0	26,470	0	0	0
- Customer Service Centre telephony system	0	40,000	0	0	0
- Cemetery Chapel, Love Lane Faversham	0	25,300	0	0	0
- Milton Creek Footpath	0	30,000	0	0	0
- Ground Floor Reception Area	0	20,000	0	0	0
- Central Plaza Sittingbourne	0	25,740	0	0	0
- Folder Inserter Machine	0	15,970	0	0	0
- Committee Room Adaptations	0	18,770	0	0	0
TOTAL CAPITAL RECEIPTS	30,000	444,050	30,000	0	0
TOTAL FUNDS UTILISED	1,106,740	2,554,190	1,103,000	15,000	15,000

RISK ISSUES

Budget Risk Issues
(High =3, Medium = 2, Low = 1).

Issue	Likelihood (L)/ Impact (I)	Management
Delivery of the Medium Term Financial Plan	L – Medium I – High = 6	Early development of a new MTFP
Fraud	L – Medium I – Medium = 4	Internal controls, Internal Audit
Loss of key staff	L – Medium I – Medium = 4	Succession planning, staff development & training.
New Homes Bonus	L – Medium I – Medium = 4	Planning decisions, lobbying
Sittingbourne Town Centre	L – Medium I – Medium = 4	Project Management, professional advice.
Localisation of Business Rates	L – Low I – Medium = 3	Detailed consideration, modelling of impact.
Delivery of 2015/16 savings	L – Low I – High = 3	Robust challenge to savings assumptions, close monitoring of delivery.
Delivery of savings on major contracts	L – Low I – High = 3	Contract monitoring, future arrangements for major contracts.
Loss of principal funds in treasury deposits	L – High I – Low = 3	Security of deposits overriding criteria, use of treasury advisers
Judicial review of a major decision.	L – Low I – High = 3	Good governance, member & officer training.
Inflation	L – Low I – Medium = 2	Monitoring of macroeconomic position, contract preparation.

MINIMUM REVENUE PROVISION (MRP) STATEMENT 2015/16

The Department for Communities and Local Government's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

The Regulations require that "A local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent".

The concept of Minimum Revenue Provision (MRP) was introduced in 1989 to prescribe the minimum amount which must be charged to the revenue account each year to meet credit liabilities (borrowing and leasing costs). MRP is charged to the General Fund and therefore does affect levels of Council Tax. Under the previous MRP regulations, MRP was set at a uniform rate of 4% of the adjusted Capital Financing Requirement (CFR) which represents the underlying need to borrow for the Council.

The detailed rules and formulae to be used in the more recent method of calculation were laid down in Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. This system was later radically revised and now requires an annual statement setting out the method of calculation of MRP.

The Secretary of State for Communities and Local Government has issued guidance under section 21(1A) of the Local Government Act 2003. This states that "the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of the grant." This would affect any future borrowing that local authorities may be considering.

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method (Equal Instalment or Annuity)
- Option 4: Depreciation Method

Note: This does not preclude other prudent methods.

MRP in 2015/16: Options 1 and 2 may be used only for supported expenditure (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government). Methods of making prudent provision for self-financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

MINIMUM REVENUE PROVISION (MRP) STATEMENT 2015/16

The MRP Statement will be submitted to Council before the start of the 2015/16 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

Council on 19 February 2014 resolved that for the 2014/15 financial year, the Council's policy for the calculation of Minimum Revenue Provision would be the regulatory method for supported borrowing and the asset life (equal instalment) method for Prudential borrowing.

The policy will be reviewed on an annual basis.

For 2015/16 it is recommended that:

- **for supported expenditure and for all capital expenditure incurred prior to 1 April 2008 MRP will, under delegated authority, be calculated under the Regulatory Method;**
- **MRP for all self-financed capital expenditure incurred after 1 April 2008 will, under delegated authority, be calculated under the Asset Life (Equal Instalment) Method;**
- **MRP in respect of leases and Public Finance Initiative (PFI) schemes brought on Balance Sheet under the International Financial Reporting Standards based Accounting Code of Practice will match the principal repayment for the associated deferred liability, to ensure that the impact on the revenue account is neutral.**
- **Where loans are made to other bodies for their capital expenditure, no MRP will be charged.**